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UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

ANNUAL REVIEW OF THE FINANCIAL SITUATION, 2000

Report of the Administrator

SUMMARY

The present report reviews the financial situation of the United Nations Development Programme for 2000. It presents the financial analysis of all activities administered by UNDP. Detailed financial statistical information is contained in document DP/2001/22/Add.1.

The regular resource situation continues to present a major challenge to UNDP in meeting the goals outlined in the multi-year funding framework (MYFF). The continuing shortfall in voluntary contributions compared to the agreed targets has led to the erosion of the amount of financial resources that programme countries receive from UNDP through the target for resource assignment from the core (TRAC) system. Further, UNDP experienced significant cash-flow problems in terms of regular resources due to the irregular payment of contributions by some donors. The cash-flow problem necessitated the utilization of the operational reserve in eight of the 12 months in 2000, impeding the ability of UNDP to manage its financial resources effectively.

Third-party co-financing (including third-party cost-sharing, management services agreements and trust funds), on the other hand, has shown an increasing trend in recent years, representing 30 per cent of the aggregate income by 2000. Programme-country cost-sharing also continues to represent a significant portion of the total income received.

In the context of recent trends in contributions, the Executive Board may wish to recall its landmark decision 98/23 on the MYFF and reaffirm the need to restore growth and enhance predictability to the regular funding base of UNDP.

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UNDP Overview: Statement of income and expenditure for the year ended 31 December 2000 with comparative figures for 1999

UNDP Overview: Assets, liabilities and reserves and fund balances as of 31 December 2000 with comparative figures for 1999

ABBREVIATIONS

ACC	Administrative Committee on Coordination
CARERE	Cambodian Resettlement and Reintegration Programme
CCF	Country cooperation framework
DESA	Department of Economic and Social Affairs of the United Nations Secretariat
FAO	Food and Agriculture Organization of the United Nations
GCCC	Government cash-counterpart contributions
GEF	Global Environment Facility
GLOC	Government local office costs
IAPSO	Inter-Agency Procurement Services Office
IBRD	International Bank for Reconstruction and Development
ILO	International Labour Organization
JPO	Junior Professional Officer
LDC	Least developed country
MSA	Management services agreement
MYFF	Multi-year funding framework
NEX	National execution
NGO	Non-governmental organization
OECD/DAC	Development Assistance Committee of the Organisation for Economic Co-operation and Development
OHADA	Organization for the Harmonization of Business Law in Africa
PAPP	Programme of Assistance to the Palestinian People
RFA	Reserve for Field Accommodation
SMF/LDC	Special Measures Fund for the Least Developed Countries
SRF	Strategic results framework
SVF	Special Voluntary Fund (UNV)
TRAC	Target for resource assignment from the core
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNEP	United Nations Environment Programme
UNFIP	UNDP Trust Fund for International Partnerships
UNFSTD	United Nations Fund for Science and Technology for Development
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNIFEM	United Nations Development Fund for Women
UNOPS	United Nations Office for Project Services
UNRFNRE	United Nations Revolving Fund for Natural Resources Exploration
UNSO	Office to Combat Desertification and Drought
UNV	United Nations Volunteers
WSSD	World Summit for Social Development

DEFINITIONS

Regular resources activities: activities financed from voluntary contributions and related interest earnings and miscellaneous income net of government local office costs. This category comprises core activities and those of SMF/LDC.

Other resources activities: activities financed from sources other than regular resources, as defined above, that are earmarked for specific programmes. Under this category fall cost-sharing, government cash counterpart contributions, and trust funds established by the Administrator. For presentation purposes, MSAs, the reimbursable support services and other activities (the JPO programme and the RFA, among others) are included in other resources grouping.

Funds administered by UNDP: the funds established by the General Assembly and administered by UNDP.

Programme support: expenditure incurred by organizational units (country offices and headquarters) whose primary function is the development, formulation, delivery and evaluation of the programmes of the organization.

Management and administration: expenditure incurred by organizational units whose primary function is the maintenance of the identity, discretion and well-being of the organization.

Support to operational activities of the United Nations: this consists of four elements that pertain essentially to the regular resources activities, namely, country offices support, the United Nations Development Group, UNV and IAPSO.

I. INTRODUCTION

1. The present report provides an overview of the financial condition of UNDP at the end of the year 2000 and the comparative figures for the year ended 31 December 1999. The report contains analyses of the activities of UNDP at the aggregate level, followed by the analyses of the financial situation of the regular (i.e., core) resources, then by other resources (i.e., non-core resources) and by the funds established by the General Assembly. An overview of the overall aggregates is shown in the annex to the present document. All tables in the narrative represent summary information of detailed data that can be found in the statistical addendum (DP/2001/22/Add.1) to the present document.

2. The Business Plans, 2000-2003, underpinned by the multi-year funding framework (MYFF), which represents the expression of country demands for UNDP support, were reviewed by the Executive Board at its first regular session 2000. They were also widely endorsed by the first Ministerial Meeting, held in September 2000, positioning UNDP to play a significant role in the implementation of the United Nations Millennium Declaration adopted in September 2000. The annual report of the Administrator for 2000 (DP/2001/14) highlighted the key changes taking place in UNDP, in both management and programme areas, in compliance with the objectives of the MYFF and the Business Plans and the goals set at the Millennium Summit of 2000. The financial data provided in this report should be considered in the context of the MYFF and the Business Plans.

II. UNDP OVERALL

3. The present chapter focuses on UNDP operational activities at the aggregate level and the resultant unexpended balances. In addition, table 1 of the addendum presents a summary of all activities undertaken by UNDP. Although the data is broken down by type of activity, the figures have been aggregated to facilitate an overview of the overall financial situation of UNDP.

4. A total of $2.39 billion was mobilized in 2000, slightly below the $2.44 billion mobilized in 1999. Total regular resources contributions and third-party co-financing in 2000 was $1.35 billion (57 per cent of the aggregate). Regular resources contributions in 2000 totalled $634 million, 27 per cent of the aggregate (1999: $681 million, 28 per cent of the aggregate). Third-party co-financing (including third-party cost-sharing, MSAs and trust funds) amounted to $713 million, 30 per cent of the aggregate (1999: $663 million, 27 per cent of the aggregate). Programme-country cost-sharing contributions, channeled through UNDP by developing country Governments in support of their own development programmes, amounted to $934 million, 39 per cent of the aggregate (1999: $984 million, 40 per cent of the aggregate).

5. The MYFF has provided the key framework for securing policy coherence and the country-driven demand nature of UNDP support, regardless of funding source. Within this framework, third-party co-financing has continuously increased, particularly during the past three years. In 1997, this pool of resources generated $495 million, representing 22 per cent of total contributions to UNDP. This ratio rose to 30 per cent by 2000, to the level of $713 million.

6. The aggregate income figure for 2000 masks the serious situation that UNDP is facing in its regular resource base. Regular and other resources are not interchangeable. Other resources represent earmarked contributions to specific themes, programmes and activities and tend to be geographically concentrated. Other resources represent an important complement to the regular resource base, permitting an extension of the impact of the programmes and fostering partnerships with a range of actors. However, regular resources continue to be the bedrock for UNDP to sustain its multilateral and universal character.

7. The dependency on a limited number of OECD/DAC donors for regular resources continued to pose significant risk for the long-term financial stability of UNDP. As in the past three years, the total value of the contributions received in 2000 from the top 15 OECD/DAC donors amounted to $1.0 billion or 96 per cent of total contributions received from OECD/DAC donors. On a positive note, 11 OECD/DAC donors increased their contributions in local currency by a combined average of 12.8 per cent. The growing strength of the United States dollar, however, reduced

their contributions in United States dollar terms (figure 1). Over a five-year period, OECD/DAC contributions to regular resources declined from $803 million in 1996 to $626 million in 2000, while their contributions to other resources (third-party cost-sharing, MSAs and trust funds) increased from $291 million to $366 million, as depicted in figure 2.

8. The aggregate programme expenditure declined from $2.3 billion in 1999 to 2.1 billion in 2000. Of the total 2000 expenditure, $1.6 billion (78 per cent) pertains to other resources while less than 20 per cent ($420 million) was financed from regular resources. The 2000 regular resources programme expenditure is 23 per cent below the 1999 figure ($541 million) and 33 per cent below the 1998 figure ($626 million). Expenditure from third-party co-financing, on the other hand, has increased steadily from $548 million in 1997 to $663 million in 1998 and $681 million in 2000, registering an increase of 11 per cent, 21 per cent and 3 per cent respectively.

9. The overall balance of unexpended resources remained stable at $1.5 billion. The balance of regular resources declined by $30 million (29 per cent) to $76 million. This decline was offset by the increase in the balance of other resources and funds. The balance of regular resources, excluding the SMF/LDC ($11 million), at the end of 2000 was $65 million (see figure 4). This balance was $31 million lower than the 1999 balance of $96 million and $135 million lower than the 1998 balance of $200 million. The other resources balance, however, increased to $1.4 billion, representing 88 per cent of aggregate total resources from all sources compared to 85 per cent in 1999 and 87 per cent in 1998.

10. Throughout 2000, UNDP experienced significant cash-flow problems in terms of regular resources due to the irregular payment pattern of contributions by some donors. The cash-flow problem necessitated the utilization of the regular resources operational reserve in eight of the 12 months in 2000. The peak drawdown reached $70 million in May 2000. The need to draw against the operational reserve impedes the ability of UNDP to manage its financial resources effectively, including programme planning and delivery. Increased contributions by donors and adherence to fixed payment schedules are thus critical to avoid the liquidity constraints that UNDP is currently facing.

11. UNDP ability to implement the new Business Plans successfully and to lead the way in the global fight against poverty, required of it under the MYFF, depends primarily on the growth and enhanced predictability of its regular funding base. The issue has been discussed widely in the context of ACC, in pursuance of Executive Board decision 99/24, in preparation for the interactions of the Secretary-General with world leaders and major DAC donors. In the context of the 2001 triennial comprehensive policy review, the Secretary-General will report through the Economic and Social Council to the General Assembly on progress made in the implementation of the MYFF as part of ongoing efforts to strengthen strategic resource management in the funds and programmes and to reverse the declining trend in regular resources (see Economic and Social Council resolution 2000/19).

Figure 1. Overall contributions: five-year trend
(millions of United States dollars)

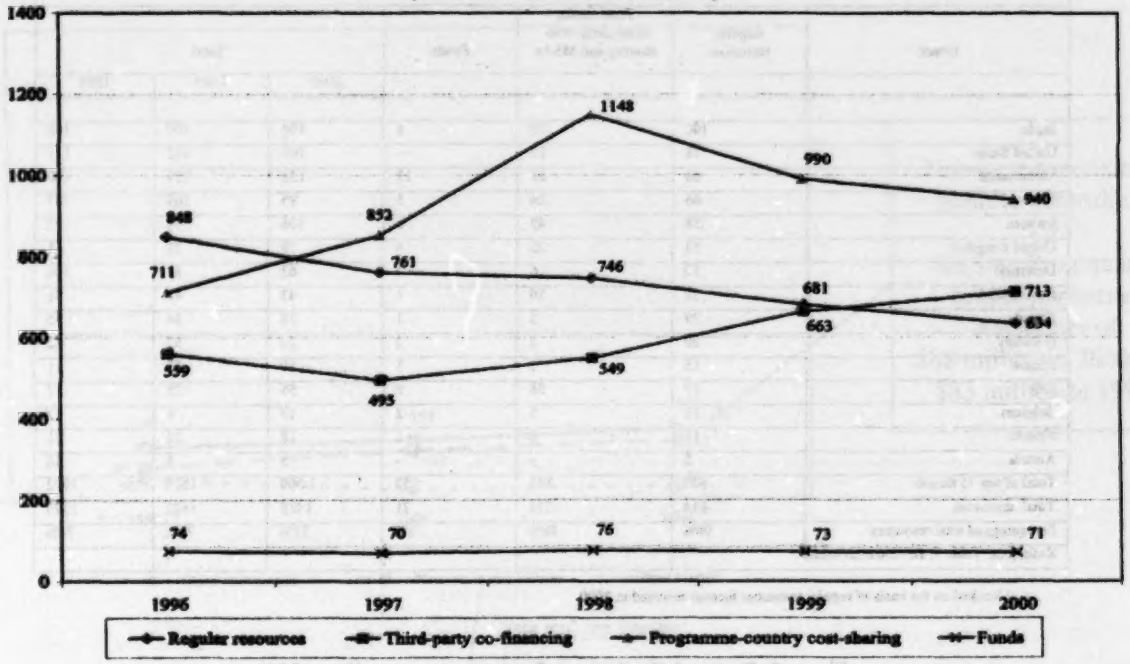


Figure 2. Contributions by OECD/DAC donors: five-year trend
(millions of United States dollars)

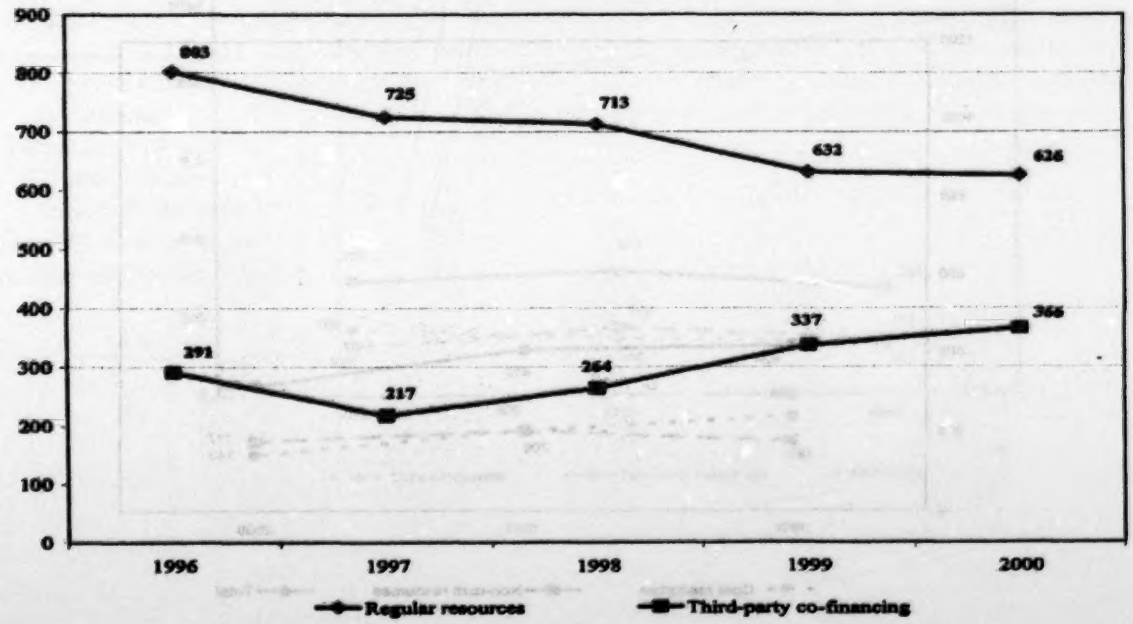


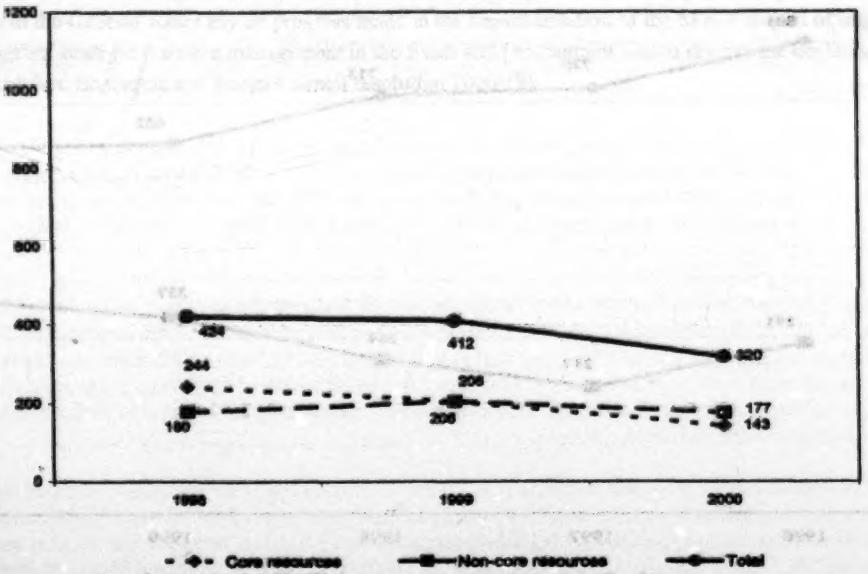
Table 1. Top 15 OECD/DAC donors in contributions for selected UNDP activities, 2000 a/
(millions of United States dollars)

Donor	Regular resources	Trust funds, third-party cost-sharing and MSAs	Funds	Total		
				2000	1999	1998
Japan	100	90	6	196	209	140
United States	78	27	-	105	112	121
Netherlands	66	61	11	138	129	140
Norway	66	24	5	95	109	107
Sweden	58	42	6	106	98	97
United Kingdom	53	22	4	79	73	61
Denmark	50	6	7	63	81	106
Switzerland	32	10	1	43	42	51
Canada	29	5	1	35	34	35
Germany	20	2	2	24	52	62
France	15	3	1	19	22	11
Italy	12	38	5	55	28	27
Belgium	12	5	2	19	6	17
Finland	11	6	1	18	22	21
Austria	5	-	-	5	8	16
Total of top 15 donors	607	341	52	1 000	1025	1012
Total resources	634	713	71	1418	1422	1373
Percentage of total resources	96%	48%	73%	71%	72%	74%
Reference: Table 7, DP/2001/22/Add.1						

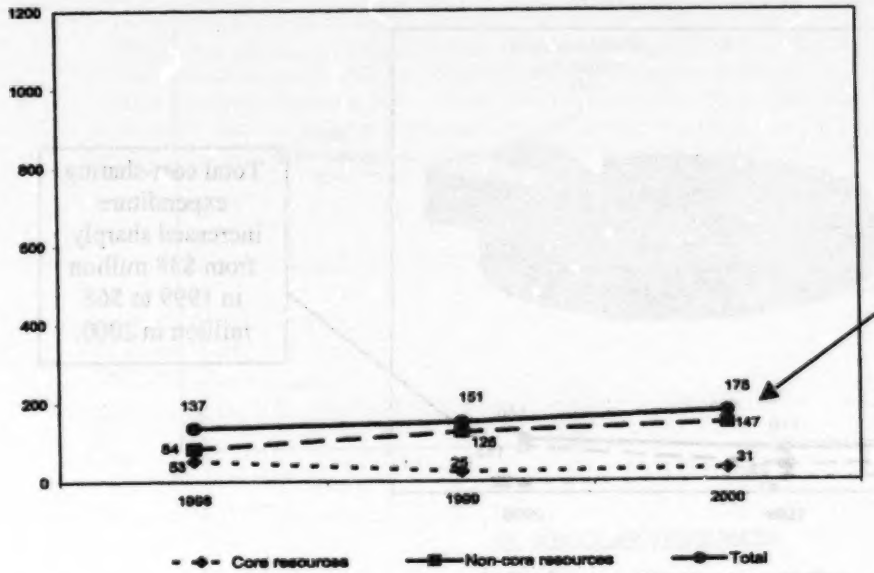
a/ Ranked on the basis of regular resources income received in 2000.

Figure 3. Regional distribution of programme expenditure, 2000
(millions of United States dollars)

A. Africa

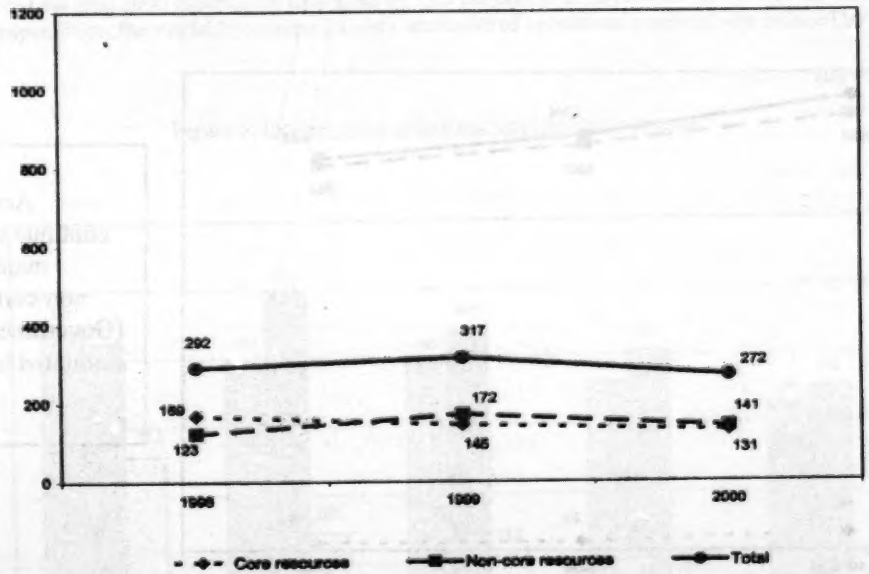


B. Arab States

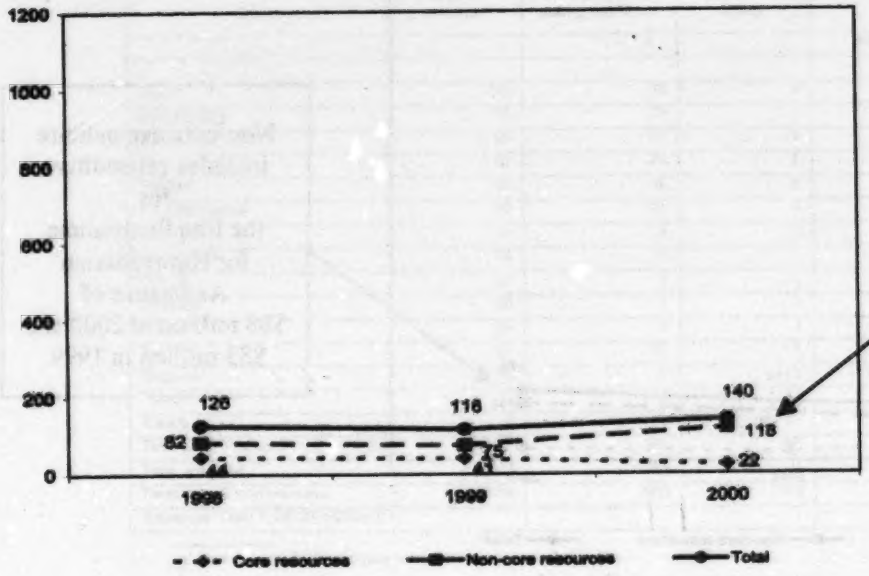


Non-core expenditure includes expenditure for the Iraq Programme for Humanitarian Assistance of $88 million in 2000 and $83 million in 1999.

C. Asia and the Pacific

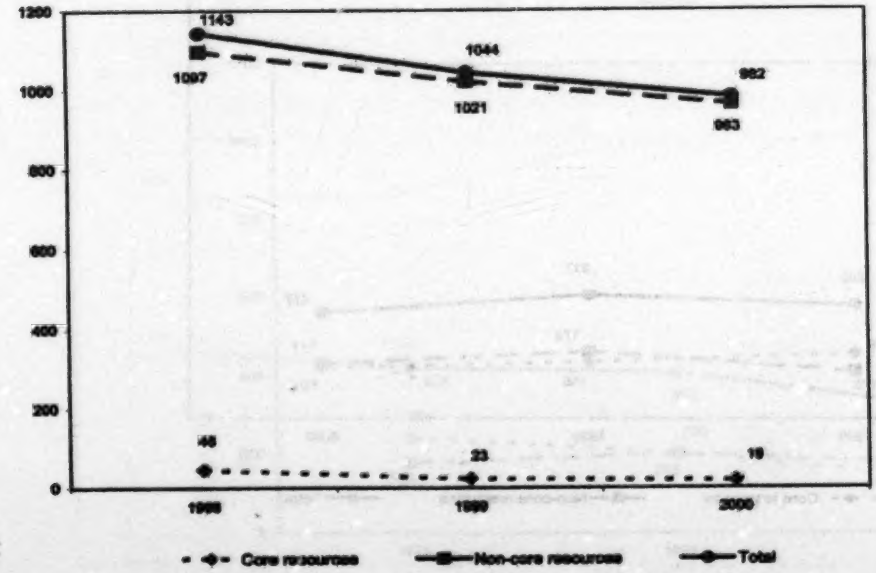


D. Europe and the Commonwealth of Independent States



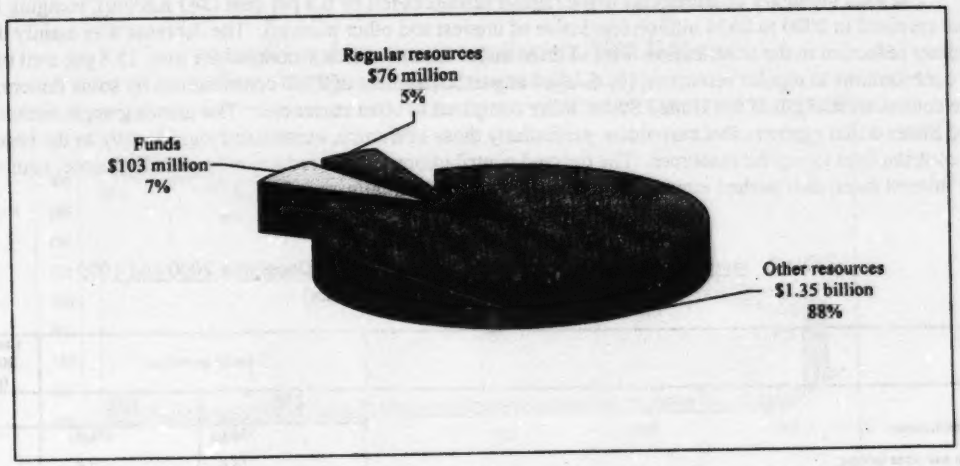
Total cost-sharing expenditure increased sharply, from $38 million in 1999 to $68 million in 2000.

E. Latin America and the Caribbean



Activities continue to be financed mainly from non-core resources. (Government cost-sharing amounted to $783 million)

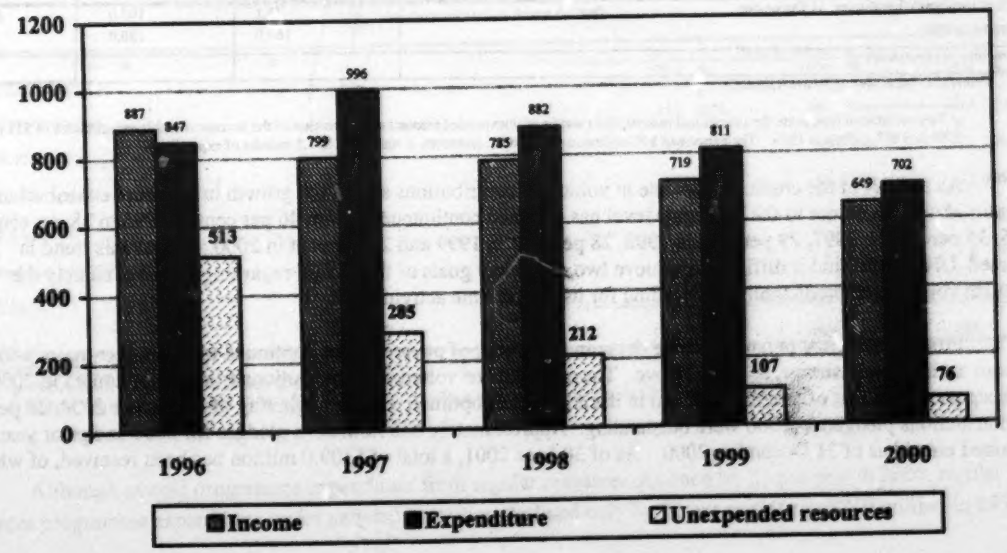
Figure 4. Resource balances, 2000



III. REGULAR RESOURCES

12. Regular resources activities, shown in table 2 and in figures 5, 6 and 7, comprise the core activities. The present chapter first examines income, then expenditure, and lastly focuses on the balance of unexpended resources. Compared to 1999, the total 2000 income, inclusive of interest income and other income, decreased by 9.8 per cent to $649 million and the total 2000 expenditure decreased by 13.5 per cent to $702 million. In view of the shortfall of income over expenditure, the available resource balance, exclusive of operational reserves, was reduced by 29.0 per cent.

Figure 5. Income, expenditure and unexpended resources



A. Income

13. The total voluntary contributions to the regular resources fell by 6.9 per cent ($47 million), bringing the total amount received in 2000 to $634 million (exclusive of interest and other income). The decrease was mainly due to: (a) a sharp reduction in the contribution level of three major donors, which accounted for over 15.8 per cent of 1999 DAC contributions to regular resources; (b) delayed or partial payment of 2000 contributions by some donors; and (c) the continued strength of the United States dollar compared to other currencies. The growing appreciation of the United States dollar against other currencies, particularly those of Europe, contributed significantly to the reduction in 2000 contributions to regular resources. The delayed contributions and the reduction in overall income, combined with lower interest rates, also pushed interest income downward substantially.

Table 2. Income and expenditure for the years ended 31 December 2000 and 1999
(millions of United States dollars)

	Regular resources		Change between 2000 and 1999 (percentage)
Income	2000	1999	%
Net contributions	634.1	681.4	(6.9)
Interest and other income	14.6	37.6	(61.2)
TOTAL INCOME	648.7	719.0	(9.8)
Expenditure			
Programme	378.3	490.2	(22.8)
Programme support:			
Implementing agents	42.1	51.0	(17.5)
Biennial support budget: net	233.5	258.9	(9.8)
Support to resident coordinator	10.1	10.1	-
Other expenditure	37.7	0.6	-
TOTAL EXPENDITURE	701.7	810.8	(13.5)
Shortfall of income over total expenditure	(53.0)	(91.8)	42.3
Transfer from (to) reserves	12.6	(12.3)	-
Savings, refunds and other transfers	9.5	(1.0)	-
Balance of unexpended resources, 1 January	107.0	212.1	(49.6)
Balance of unexpended resources, 31 December	76.1	107.0	(28.9)
Operational reserve	167.0	180.0	(7.2)
Total months of expenditure a/	4	4	

Reference: Table 1(a), DP/2001/22/Add.1

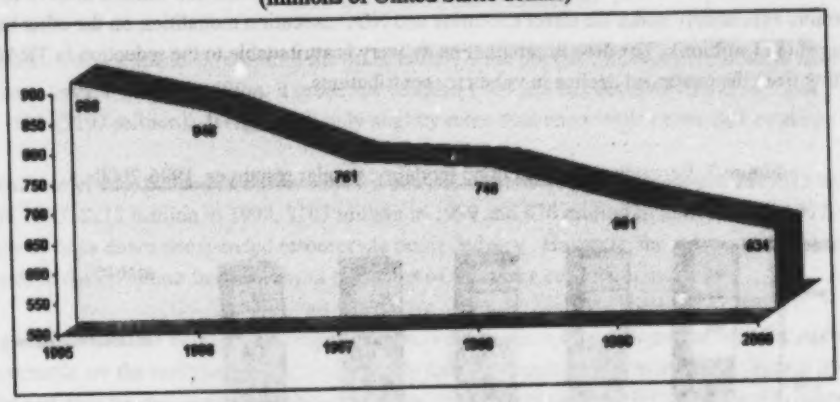
a/ This calculation represents the operational reserve plus balance of unexpended resources as a function of the average monthly expenditures of $58 million in 2000 and $67 million in 1999. The balance of $76 million in unexpended resources is equivalent to 1.3 months of expenditure.

14. As a result of the continued decline in voluntary contributions and of the growth in non-core contributions, the ratio of core resources to the aggregate level has declined continuously: from 46 per cent in 1995 to 38 per cent in 1996, 35 per cent in 1997, 29 per cent in 1998, 28 per cent in 1999 and 27 per cent in 2000. Unless this trend is reversed, UNDP will find it difficult to achieve two of the key goals of the MYFF regarding funding, namely the adequate volume and predictability of funding for its programme activities.

15. From a cash-flow perspective, the delay in the timing of payments has continued to be another major area of concern to the Administrator, as noted above. The cash flow of voluntary contributions from major donors in 2000 did not keep pace with that of 1999, which had in itself been sub-optimal. By the beginning of December 2000, 20 per cent of contributions pledged in 2000 were outstanding. Approximately $25 million in pledges for 2000 and prior years remained unpaid as of 31 December 2000. As of 30 June 2001, a total of $309.0 million has been received, of which

$6.8 million pertain to pledges for 2000 and prior years and $302.2 million relate to 2001 pledges. This represents a modest increase compared with the contributions of $292.8 million received last year by 30 June 2000.

Figure 6. Regular resources contributions, 1995-2000
(millions of United States dollars)



B. Expenditure

16. Total 2000 expenditure under regular resources declined to $702 million from $811 million in 1999. Programme expenditure against regular resources dropped to $378 million, compared to $490 million in 1999, $588 million in 1998, and $654 million in 1997. In the Africa region, programme delivery against regular resources dropped by $63 million, from 206 million in 1999 to $143 million in 2000. The percentage share of 2000 total programme expenditure for the region also dropped from 42 per cent in 1999 to 38 per cent in 2000. Expenditure from regular resources in the Asia and the Pacific region fell from $145 million in 1999 to $131 million in 2000.

Table 3. Distribution of programme expenditure by execution modality for UNDP regular resources, 1998-2000
(millions of United States dollars)

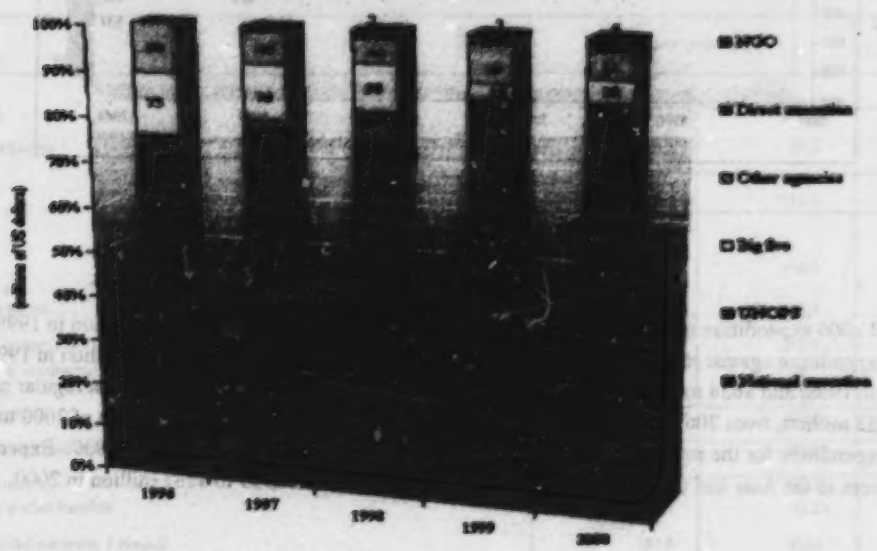
	Regular resources					
Executing agency	2000	%	1999	%	1998	%
National execution	233	62%	260	53%	315	54%
UNOPS	95	25%	165	34%	174	30%
"Big five" agencies a/	18	5%	15	3%	58	10%
Other agencies	21	6%	39	8%	30	5%
Direct execution (UNDP)	6	1%	9	2%	9	1%
NGOs	5	1%	2	0%	2	0%
Total b/	378		490		588	

Reference: Table 14, DP/2001/22/Add.1
a/ DESA, FAO, ILO, UNESCO and UNIDO
b/ Expenditure spent in LDCs are: $176 million in 2000; $249 million in 1999; $302 million in 1998.

17. Although overall programme expenditure from regular resources declined by 23 per cent in 2000, regular resources programme expenditure under national execution declined only by 10 per cent (from $260 million in 1999

to $233 million in 2000). This demonstrates the continued shift to national execution, accounting for 62 per cent of the total regular resources programme expenditure in 2000, compared to 53 per cent in 1999, 54 per cent in 1998 and 55 per cent in 1997 (see figure 7). UNOPS delivery declined significantly by 42 per cent (from $165 million in 1999 to $95 million in 2000). The delivery of the "Big five" agencies increased by 20 per cent (from $15 million in 1999 to $18 million in 2000) while the delivery by other agencies fell by 46 per cent (from $39 million in 1999 to $21 million in 2000). Programme expenditure under the direct execution and NGO execution modalities, on the other hand, remained unchanged ($11 million). The drop in programme delivery is attributable to the reduction in TRAC allocations resulting from the continued decline in voluntary contributions.

Figure 7. Expenditure by execution modality: regular resources, 1996-2000



18. Programme support paid to implementing agents decreased to $42 million, compared with $51 million in 1999, as a result of the decrease in total delivery and of the change in execution pattern.

19. Biennial support budget. The support budget expenditure of $234 million in 2000 was similar to the expenditure level of 1998. The figure was lower than that of 1999, representing to a large extent the normal trend of lower expenditure in the first year of a biennium. By appropriation group, 56 per cent of the expenditure was spent on programme support activities; 21 per cent on management and administration; and 23 per cent on support to operational activities of the United Nations system. In total, 65 per cent of expenditure related to country offices, with the remaining 35 per cent attributed to headquarters locations, including UNV and IAPSO. (See document DP/2001/21 for a detailed analysis of the biennial support budget.)

20. In cooperation with the United Nations and UNICEF, a consulting actuary firm was engaged to carry out an actuarial valuation of post-retirement health-insurance benefits. The study estimated the cost for UNDP, UNOPS and UNFPA of after-service health insurance benefits at $313 million as at 31 December 1999. The study has been expanded to look into alternative funding mechanisms for this liability, as well as the split among the three organizations. Meanwhile, a prudent step was taken by UNDP in accruing $27 million in the year ended

31 December 2000. This amount is made up of $14 million for the liability as at 31 December 1999 and $13 million for 2000. The annual expenditure for the year 2001 onward will depend on the results of the study referred to above, which is expected to be finalized before the end of 2001.

C. Balance of unexpended resources

21. The balance of unexpended resources shown in table 4 is the pool of resources available to finance UNDP regular resource activities. At $76 million, it is the lowest since 1984 and has declined 29 per cent since 31 December 1999 ($107 million). It represents only slightly more than one month's core cash requirements for UNDP.

22. The balance of unexpended resources shows a downward trend over a five-year period ($513 million in 1996, $285 million in 1997, $212 million in 1998, $107 million in 1999 and $76 million in 2000). Until 1997, a deliberate effort was made to draw down unexpended resources to boost delivery. However, the subsequent decline continued as a consequence of the reduction in and delayed payments of voluntary contributions.

23. The availability of the balance of unexpended resources depends on the degree of liquidity of the assets held. Cash and investments are the main liquid assets of UNDP. Other assets, net of liabilities, supplement investments to form the balance of unexpended resources. Other assets include advances to country offices and to other United Nations organizations. On the liability side, unliquidated obligations and other payables represent expenditure that has been incurred but not yet been disbursed.

Table 4. Movement in the balance of unexpended resources, 2000 and 1999
(millions of United States dollars)

	2000	1999
Balance as at 1 January	107.0	212.1
Total income	648.7	719.0
Total expenditure (including support costs and other expenditure)	(701.7)	(810.8)
Savings on obligations of prior biennium	9.5	-
Transfer from (to) reserves and other transfers	12.6	(13.3)
Balance as at 31 December	76.1	107.0

Reference: Table 1(a), DP/2001/22/Add.1

24. The balance of unexpended resources as at 31 December 2000 is comprised of the elements shown in table 5.

Table 5. Composition of the balance of unexpended resources, 2000 and 1999
(millions of United States dollars)

	2000	1999
Cash and investments	71.9	45.5
Net balance of advances made to programme countries for national execution projects	19.2	43.7
Net balance of advances to executing agents and payments on behalf of other United Nations specialized agencies and other advances, deferred charges and accrued interest	123.8	127.2
Expenditure incurred but not yet disbursed (unliquidated obligations, accounts payable, etc.) a/	(138.8)	(109.4)
Balance of unexpended resources	76.1	107.0

Reference: Table 1(b), DP/2001/22/Add.1

a/ Includes the balance of the medical insurance plan of $13.8 million in 2000 and $13.2 million in 1999.

25. There was an increase of $26 million (58 per cent) in the level of investments held for regular resources. The increase was mainly due to the net reduction in advances made to Governments. The remainder is attributable to the movement in other assets, net of liabilities, as analysed in table 6.

26. At the end of 2000, UNDP held cash and investments for regular resources totaling $239 million, inclusive of the operational reserve of $167 million. Based on total expenditure of $702 million, the UNDP liquidity position at the end of 2000 represented expenditure for about four months, made up of approximately three months of reserves and one month of working capital. This represents a modest increase in liquidity, primarily due to lower cash outflows resulting from a reduced core programme. Nevertheless, to bridge the irregular pattern of donor contributions in 2000, UNDP drew from its operational reserve in eight out of 12 months. For 2001, the liquidity position has improved at the time of writing as a result of the payment in full of a major donor's contribution five months earlier than originally forecast. In 2001, the UNDP cash-flow forecast now indicates that the operational reserve will have been drawn upon in two out of 12 months, rather than five out of 12 months as originally forecast. However, whereas 2000 ended with a positive balance and the operational reserve fully restored, the forecast for 2001 indicates that at the end of the year, the operational reserve may be needed to cover a shortfall of some $8 million in regular resources income. The need to draw against the operational reserve impedes the ability of UNDP to manage its financial resources effectively. It diminishes the organization's ability to react to unforeseen financial situations. In order to maintain programme delivery at the agreed target, a prudent level of liquidity for UNDP regular resources would be the equivalent of expenditure for six months, implying a total liquidity of $348 million at current expenditure levels. This can be achieved by early and increased contributions from donor countries.

27. Table 6 shows the breakdown of the movement in the liquid assets.

Table 6. Movement of liquid resources, 2000/1999
(millions of United States dollars)

	2000	1999
Opening balance, 1 January		
Cash and investments	45.5	197.3
Income	648.8	719.0
Expenditure	(701.7)	(810.8)
Savings on obligations of prior biennium	9.5	-
Transfer from (to) reserves and other transfers	12.6	(13.3)
Subtotal	(30.8)	(105.1)
Net change in advances made to Governments, executing agents and expenditure incurred but not yet disbursed	57.2	(46.7)
Closing balance, 31 December [g/]		
Cash and investments	71.9	45.5

Reference: Table 1(a,b), DP/2001/22/Add.1

g/ This balance of liquid assets is in addition to the investments held for the operational reserve ($167 million in 2000 and $180 million in 1999).

28. In accordance with Executive Board decision 99/9, the formula for the calculation of the level of the UNDP regular resource operational reserve was amended on the basis of documents DP/1999/5/Rev.1 and DP/1999/CRP.9/Rev.1. Based on the final income and expenditure data for the year 2000, the operational reserve will be adjusted to a new level of $160 million, freeing $7 million for the general resources of UNDP.

IV. OTHER RESOURCES

29. The other resources activities comprise mainly government cost-sharing, third-party cost-sharing, government cash-counterpart contributions, trust funds, management services agreements, the JPO programme and the RFA. Overall income was stable at $1.8 billion in 2000. However, overall expenditure decreased by 4 per cent ($66 million). Figure 8 shows the five-year trend of overall income, expenditure and unexpended other resources. The five-year trend of contributions to other resources is shown in figure 9. Other resources contributions received in 2000 totalled $1.69 billion, of which 56 per cent accounted for government cost-sharing (see figure 10).

30. Recent trends have shown a significant increase in non-core resource contributions. Third-party co-financing (including third-party cost sharing, MSAs and trust funds) have registered a marked increase, particularly during the last

three years: from $495 million in 1997, to $549 million in 1998, $663 million in 1999 and $713 million in 2000 at a growth rate of 11 per cent, 21 per cent and 8 per cent respectively. The following analysis looks separately at each of the main components: cost-sharing; MSAs; trust funds; the JPO programme; and the Reserve for Field Accommodation.

Figure 8. Other resources activities, 1996-2000
(millions of United States dollars)

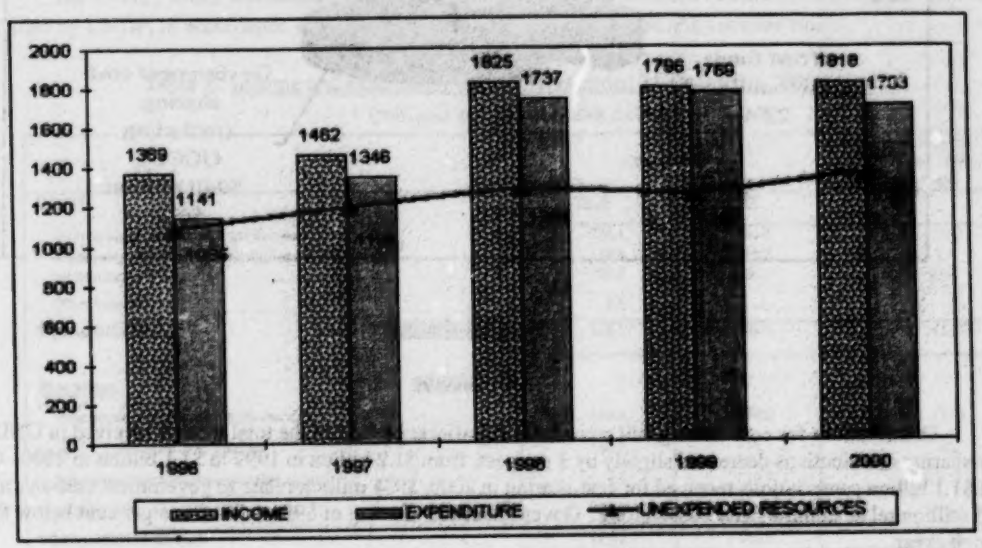


Figure 9. Earmarked contributions, 1996-2000
(millions of United States dollars)

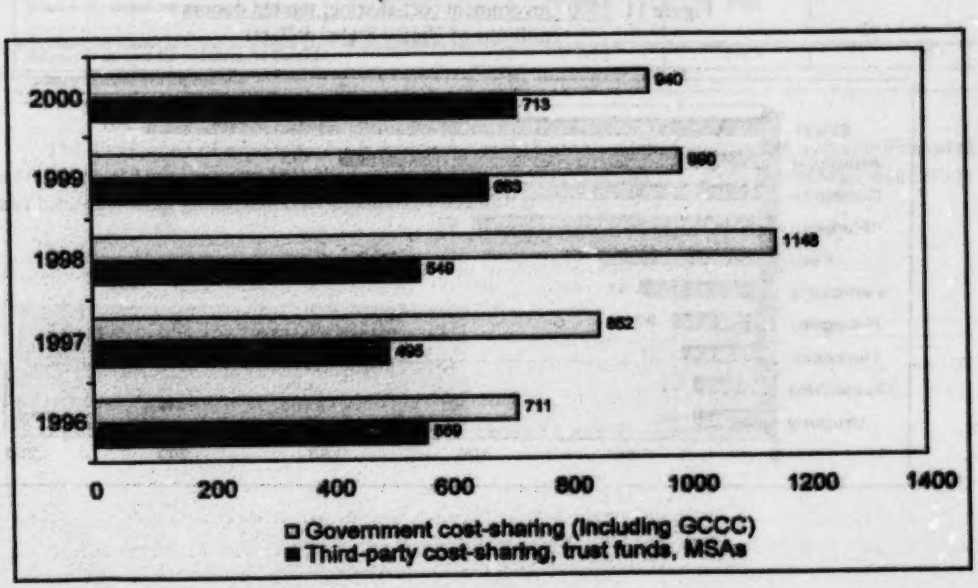
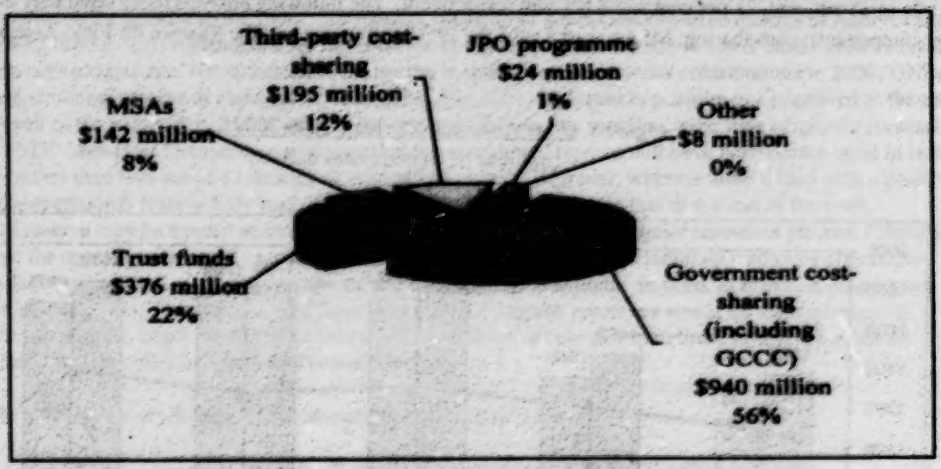


Figure 10. Contributions: 2000 other resources



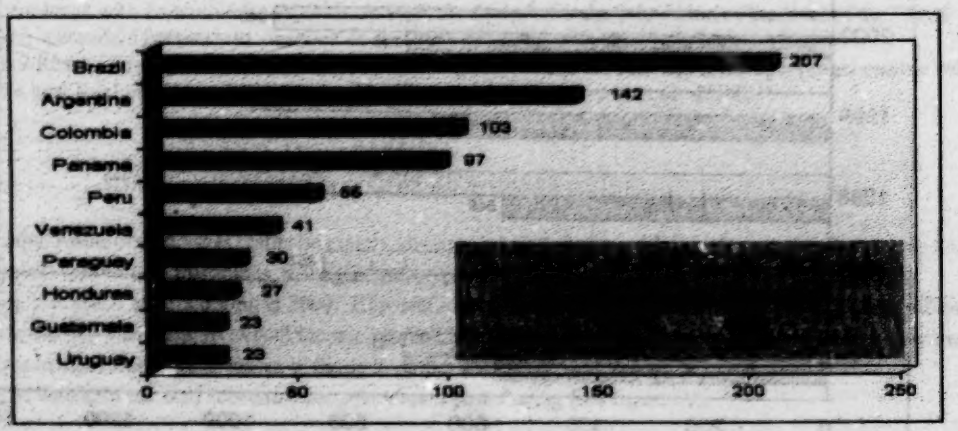
A. Cost-sharing

1. Income

31. Contributions for cost-sharing still represent a significant portion of the total income received in UNDP. Cost-sharing contributions decreased slightly by 3 per cent, from $1.2 billion in 1999 to $1.1 billion in 2000. Of the total $1.1 billion contributions received for cost-sharing in 2000, $934 million relate to government cost-sharing, $195 million relate to third-party cost-sharing. Government cost-sharing of $934 million is 5 per cent below the previous year.

32. As in the past, about 80 per cent of the government cost-sharing contributions came from the governments of 10 programme countries of Latin America and the Caribbean (see figure 11).

Figure 11. 2000 Government cost-sharing: top ten donors
(millions of United States dollars)



2. Expenditure

33. Total cost-sharing expenditure decreased from $1.1 billion in 1999 to $1.0 billion in 2000, mainly owing to a slight decline in programme activities in a few Latin American countries. Government cost-sharing expenditure decreased by 7.7 per cent in 2000 ($866 million compared to $939 million in 1999) and third-party cost-sharing increased slightly by 3.2 per cent to $183 million from $177 million in 1999.

34. The country office administrative charge of $25.6 million represents reimbursement of support services provided by UNDP, in accordance with the decisions and directives of UNDP Executive Board.

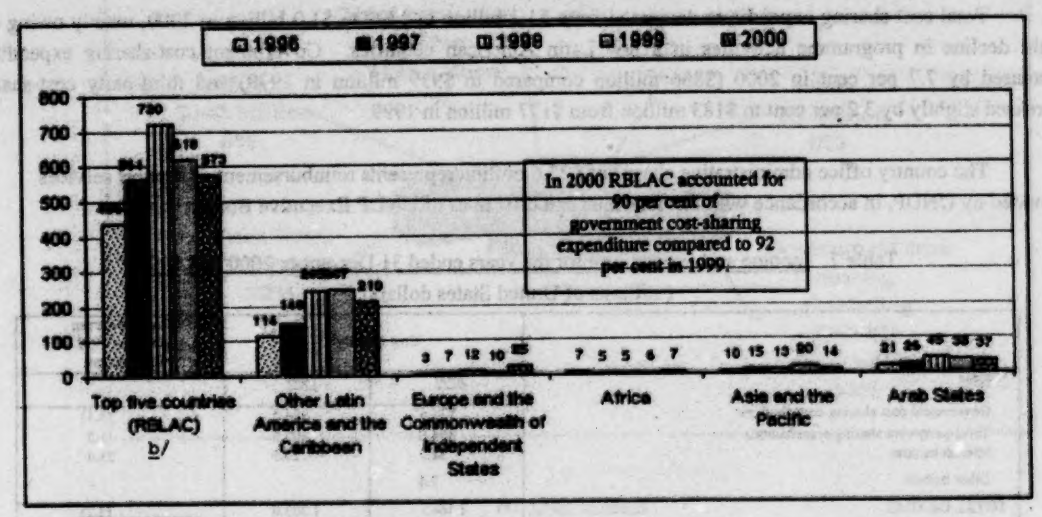
Table 7. Income and expenditure for the years ended 31 December 2000 and 1999
(millions of United States dollars)

	Cost-sharing		Change between 2000 and 1999 (percentage)
Income	2000	1999	
Government cost-sharing contributions	934.4	984.3	(5.1)
Third-party cost-sharing contributions	194.6	192.2	1.2
Interest income	32.7	26.5	23.4
Other income	2.4	-	-
TOTAL INCOME	1 164.1	1 203.0	(3.2)
Expenditure			
Programme: Government cost-sharing	866.3	939.0	(7.7)
Third-party cost-sharing	182.7	177.1	3.2
Programme support: implementing agents	8.6	10.7	(19.6)
Country office administrative charge	25.6	36.1	(29.1)
TOTAL EXPENDITURE	1 083.2	1 162.9	(6.9)
Net excess of income over expenditure	80.9	40.1	-
Refunds and other transfers	(7.4)	-	-
Balance of unexpended resources, 1 January	699.7	659.6	6.1
Balance of unexpended resources, 31 December	773.2	699.7	10.5
Balance in months of expenditure	9	7	

Reference: Table 3(a), DP/2001/22/Add.1

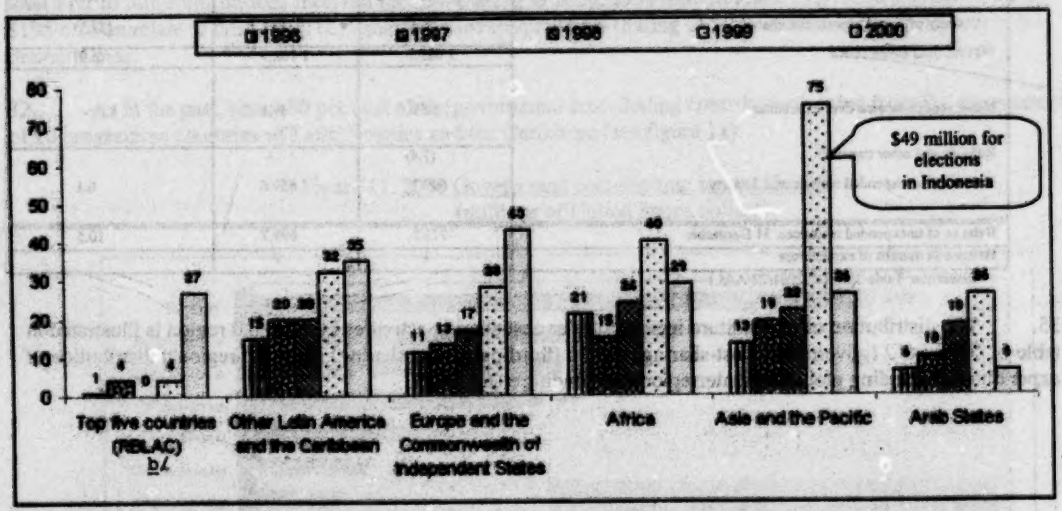
35. The distribution of expenditure incurred under cost-sharing activities by type and region is illustrated in table 8. Figures 12 (government cost-sharing) and 13 (third-party cost-sharing) show the regional distribution of expenditure, excluding global and interregional expenditure and GCCC.

Figure 12. Government cost-sharing expenditure by region, 1996-2000 a/
(millions of United States dollars)



a/ Excludes expenditures for global, interregional and GCCC.
b/ Argentina, Brazil, Colombia, Panama and Peru.

Figure 13. Third-party cost-sharing expenditure by region, 1996-2000 a/
(millions of United States dollars)



a/ Excludes expenditures for global, interregional and GCCC.
b/ Argentina, Brazil, Colombia, Panama and Peru.

36. The top five countries (Argentina, Brazil, Colombia, Panama and Peru) continued to dominate the delivery level under government cost-sharing. They spent $573 million or 66 per cent of total government cost-sharing expenditure in 2000 ($618 million or 66 per cent in 1999 and $720 million or 69 per cent in 1998) (see figure 12). However, total cost-sharing expenditure decreased from $1.1 billion in 1999 to $1.0 billion in 2000 owing to a reduction in government cost-sharing expenditure in a number of Latin American countries that collectively account for over 90 per cent of total government cost-sharing. Third-party cost-sharing showed a slight increase to $183 million in 2000 from the 1999 level of $177 million. Among the regions, only Europe and the Commonwealth of Independent States had a sizeable increase in third-party cost-sharing expenditure, 53 per cent from $28 million in 1999 to $43 million in 2000. The combined third-party cost-sharing delivery of Bosnia and Herzegovina, Cyprus and the Russian Federation accounted for nearly 50 per cent ($19 million) of the region's total.

Table 8. Regional distribution of programme expenditure for UNDP cost-sharing, 1998-2000
(millions of United States dollars)

	Third-party			Programme governments		
	2000	1999	1998	2000	1999	1998
Top five countries a/	27	4	-	573	618	720
Latin America and the Caribbean (without top five countries)	35	32	20	210	247	245
Europe and the Commonwealth of Independent States	43	28	17	25	10	12
Africa	29	40	24	7	6	5
Asia and the Pacific	26	75	22	14	20	13
Arab States b/	6	26	18	37	38	45
Others c/	16	10	12	0	0	1
	182	215	113	866	939	1 041

Reference: Table 13, DP/2001/22/Add.1

a/ Argentina, Brazil, Colombia, Panama and Peru (ranked on the basis of programme governments cost-sharing expenditure in 2000)
b/ Includes cost-sharing expenditure for occupied Palestinian territory; 1999 third-party cost-sharing expenditure of $26 million excludes $38 million transferred from cost-sharing to trust-fund modality.
c/ Includes global and interregional programme and GCCC

3. Balance of unexpended resources

37. The balance of unexpended cost-sharing resources continues to account for more than 57 per cent of the total other resources balance. It now stands at $773 million, which reflects the requirement for advance funding for this type of modality.

B. Management services agreements

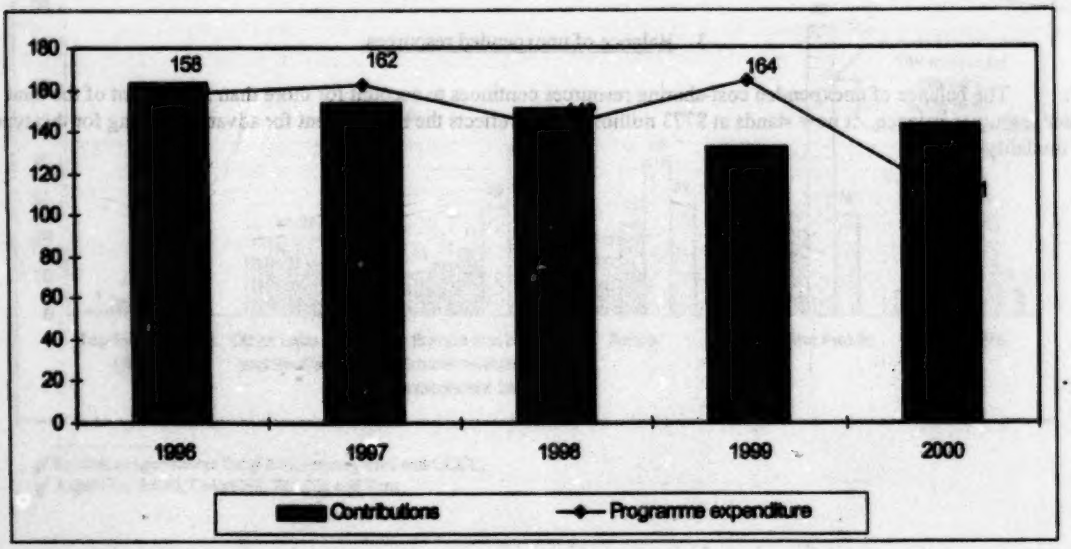
38. MSAs, signed by UNDP with various donors, were all executed by UNOPS. Their financial status is shown in table 9.

Table 9. Income and expenditure for the years ended 31 December 2000 and 1999
(millions of United States dollars)

	MSAs		Change between 2000 and 1999 (percentage)
Income	2000	1999	
Contributions	142.8	131.6	8.5
Interest income	8.1	8.6	(5.8)
TOTAL INCOME	150.9	140.2	7.6
Expenditure			
Programme	111.2	164.2	(32.3)
TOTAL EXPENDITURE	111.2	164.2	(32.3)
Excess (shortfall) of income over expenditure	39.7	(24.0)	-
Refunds and other transfers	(2.9)	(4.2)	31.0
Balance of unexpended resources, 1 January	72.0	100.2	(28.1)
Balance of unexpended resources, 31 December	108.8	72.0	51.1
Balance in months of expenditure	12	5	

Reference: Table 4(a), DP/2001/22/Add.1

Figure 14. MSA contributions and programme expenditure, 1996-2000
(millions of United States dollars)



39. During the year 2000, donors contributed $143 million towards MSA activities, up by $11 million from $132 million in 1999 (see figure 14). Total income, which includes interest income, available for programme activity under MSAs in 2000 amounted to $151 million, up by 7.6 per cent in comparison to $140 million in 1999. As at

31 December 2000, there were 97 active MSAs on which $111 million was spent, or $53 million less in comparison to the year 1999. During the year under review, 24 new projects were implemented and 16 were operationally completed.

40. The 2000 MSA expenditure was distributed as follows:

Table 10. Distribution of expenditure by region for the years ended 31 December 2000 and 1999
(millions of United States dollars)

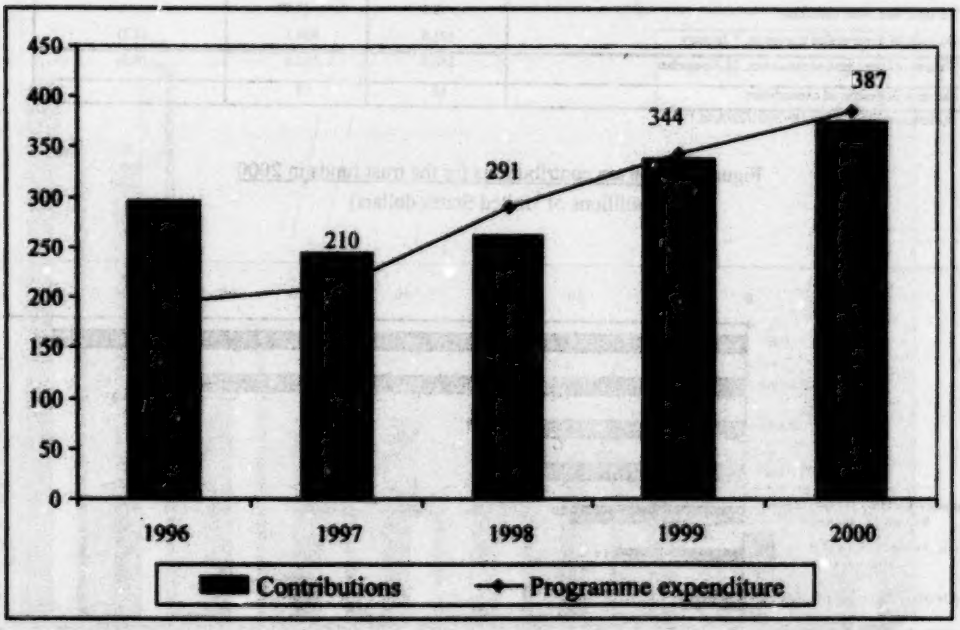
	2000	1999
Region		
Latin America and the Caribbean	51.3	90.5
Africa	30.8	62.6
Europe and the Commonwealth of Independent States	19.7	4.3
Arab States	0.2	0.6
Asia and the Pacific	5.7	0.8
Global and interregional	3.5	5.4
TOTAL	111.2	164.2

Source: UNOPS

C. Trust funds

41. As of 31 December 2000, UNDP was administering 491 trust funds and sub-trust funds. Figure 15 shows the five year trend in contributions and programme expenditure.

Figure 15. Trust funds: contributions and programme expenditure, 1996-2000
(millions of United States dollars)



1. Income

42. Contributions to trust funds registered an increase of 10.7 per cent at $375.8 million in 2000, compared with the contributions level of $339.5 million in 1999. Following the trend of the past five years, the countries in special development situations and environment-related trust funds continued to receive most of the contributions to trust funds. The increase in the 2000 contributions came mainly from trust funds established for countries in special development situations and environment-related trust funds, such as GEF.

Table 11. Income and expenditure for the years ended 31 December 2000 and 1999
(millions of United States dollars)

	Trust funds (combined)		Change between 1999 and 2000 (percentage)
Income	2000	1999	
Contributions	375.8	339.5	10.7
Interest income	19.2	22.3	(13.9)
Other income-net	1.2	0.2	-
TOTAL INCOME	396.2	362.0	9.4
Expenditure			
Programme	386.8	344.0	12.4
Programme support:			
Implementing agents	10.3	10.6	(2.8)
Biennial support budget	23.5	16.2	(45.1)
Other expenditure and write-offs	3.0	1.8	66.6
TOTAL EXPENDITURE	423.6	372.6	13.7
Excess of income over expenditure	(27.4)	(10.6)	-
Refunds and other transfers	2.6	(1.9)	-
Balance of unexpended resources, 1 January	391.6	404.1	(3.2)
Balance of unexpended resources, 31 December	366.8	391.6	(6.3)
Balance in months of expenditure	10	13	

Reference: Table 3 (a), DP/2001/22/Add.1

Figure 16. Top ten contributions for the trust funds in 2000
(millions of United States dollars)

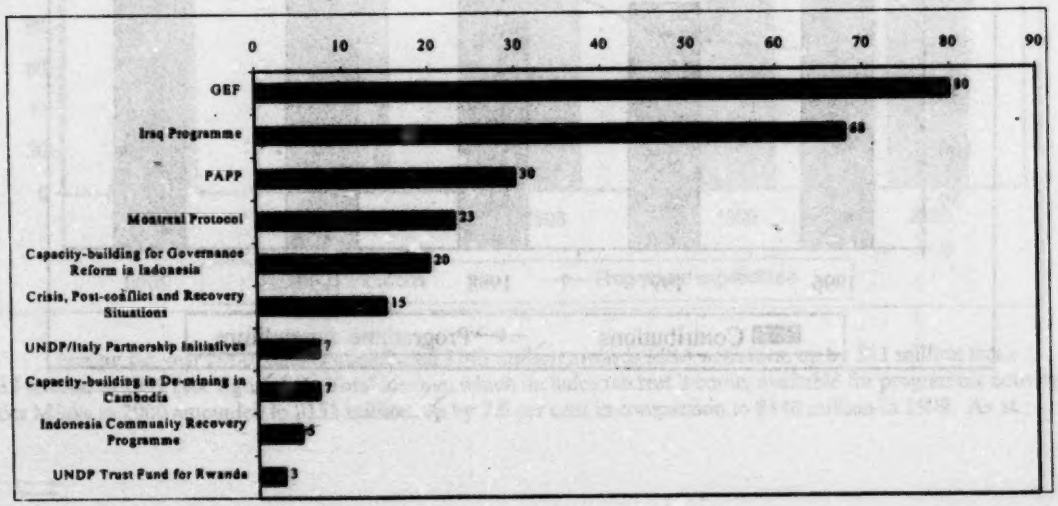


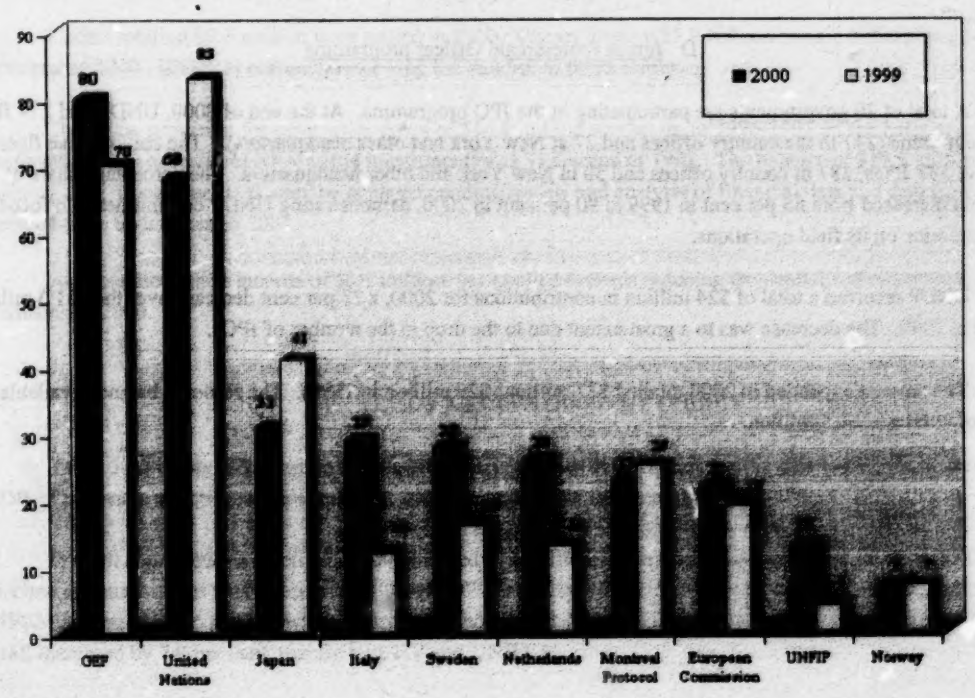
Table 12. Top ten contributions for the trust funds, 1999-2000
(millions of United States dollars)

Trust fund	2000	1999
GEF	79.9	74.9
Iraq Programme for Humanitarian Assistance	68.1	83.1
Programme of Assistance to the Palestinian People	30.3	41.8
Montreal Protocol	23.0	25.7
UNDP Trust Fund to Support Capacity Building for Governance Reform in Indonesia	19.7	-
Crisis, Post-Conflict and Recovery Situations	15.3	-
UNDP/Italy Trust Fund for Anti-Poverty Partnership Initiatives	6.9	-
Capacity-Building in De-mining in Cambodia	6.8	6.2
Indonesia Community Recovery Programme	5.2	2.7
UNDP Trust Fund for Rwanda	3.5	14.9
Total	258.7	249.3
Percentage of the total trust fund contribution	68.8	73.4

Reference: Table 17, DP/2001/22/Add.1

43. The contributions of OECD/DAC donors represent about 41per cent of total contributions to trust funds. The remaining 59 per cent comes from the United Nations (for Iraq), UNFIP, GEF, Montreal Protocol and programme countries. The greater part of the contributions from the World Bank was made towards GEF and from UNEP towards the Montreal Protocol and Capacity 21 (for which they act as repositories for contributions received from various donors). The top 10 contributors to trust funds are depicted in figure 17.

Figure 17. Top ten donor contributions to trust funds, 1999-2000
(millions of United States dollars)



2. Expenditure

44. Trust-fund expenditure totalled $424 million in 2000 compared to $373 million in 1999. Of this amount, 91 per cent or $387 million pertains to programme expenditure; 2 per cent was paid to implementing agents (3 per cent in 1999) and 6 per cent pertains to administrative costs (4 per cent in 1999).

45. Programme expenditure in 2000 increased by $43 million or 12.5 per cent to $387 million from $344 million in 1999. The increase came mainly from the UNDP Trust Fund for Rwanda, the Iraq Programme for Humanitarian Assistance, GEF and the Multilateral Fund for the Implementation of the Montreal Protocol. As in 1999, GEF and the Montreal Protocol led other trust funds in terms of 2000 expenditure (GEF - $77 million and Montreal Protocol - $43 million).

3. Balance of unexpended resources

46. The balance of unexpended resources of the trust funds decreased by $25 million (6 per cent) to $367 million in 2000 from $392 million in 1999. The majority of the large trust funds such as GEF, Montreal Protocol, Capacity 21 and UNSO had expenditure levels greater than current-year income, leading to a decrease in their balance of unexpended resources over that of 1999. The balance of unexpended resources of GEF as at 31 December 2000 decreased by $8.0 million to $19.6 million. The resource balance for the Montreal Protocol decreased by $22.0 million to $74.6 million at the end of 2000. The resource balance for the Capacity 21 trust fund decreased by $4.8 million to $38.1 million at the end of 2000. The resource balance for UNSO declined by $3.6 million to $10.9 million in 2000 from $14.5 million in 1999. The balance of unexpended resources of the Montreal Protocol ($74.6 million at 31 December 2000 and $96.6 million at 31 December 1999) represents about 20 per cent of the total balance of unexpended resources of all trust funds (25 per cent at 31 December 1999).

D. Junior Professional Officer programme

47. A total of 20 governments are participating in the JPO programme. At the end of 2000, UNDP had 274 JPOs in the programme (247 in the country offices and 27 at New York and other headquarters). The comparative figures in 1999 were 337 JPOs, 287 in country offices and 50 in New York and other headquarters. The percentage share of JPOs in the field increased from 85 per cent in 1999 to 90 per cent in 2000, demonstrating UNDP commitments to focus its JPO programme on its field operations.

48. UNDP received a total of $24 million in contributions for 2000, a 23 per cent decrease over the $31.5 million received in 1999. The decrease was to a great extent due to the drop in the number of JPOs.

49. The amount expended in 2000 totalled $27 million ($29 million in 1999). The resource balance available at the end of 2000 was $1.5 million.

E. Reserve for Field Accommodation

Table 13. Income and expenditure for the years ended 31 December 2000 and 1999
(millions of United States dollars)

	2000	1999	Change between 2000 and 1999 (percentage)
Income			
Rental income	1.6	2.1	(23.8)
Other income-net	0.5	0.2	-
TOTAL INCOME	2.1	2.3	(8.7)
Expenditure			
Repairs and maintenance	1.0	1.3	(23.1)
Other	0.1	0.1	-
TOTAL EXPENDITURE	1.1	1.4	(21.4)
Operating surplus	1.0	0.9	11.1
Cumulative surplus (deficit), 1 January	(5.6)	(6.7)	16.4
Cumulative deficit, 31 December	(4.6)	(5.6)	17.8

Reference: Table 19, DP/2000/29/Add.1

50. The aggregate summary of the RFA accounts is shown in table 13. Table 19 of document DP/2001/22/Add.1 shows separate statements of income and expenditure and assets and liabilities for the RFA. Separate figures are set out for the office premises operations, for the housing operations and for the reimbursable support services. The total office premises assets as at 31 December 2000 amount to $20.9 million while the total housing and related assets amount to $16.8 million.

51. In 2000, the housing operations reported a surplus of income over expenditure of $0.5 million, the office premises operations, $0.3 million, and reimbursable support services, $0.2 million.

52. Claims totaling $0.6 million were settled in 2000. Claims totaling $1.9 million remain outstanding as at 31 December 2000. UNDP is currently reviewing the validity of these claims.

53. The initial provision for asset write-down of $14.1 million was set up in 1996-1997 on the basis of management's best estimate of RFA assets impairment as at 31 December 1997. The balance of $10.9 million, remaining at 31 December 2000, may be adjusted pending review and analysis of financial data and appraisal property scheduled to be undertaken in 2001.

54. Accumulated rental income of $0.1 million was applied towards reducing the capitalized rehabilitation costs for housing in 2000.

V. FUNDS ADMINISTERED BY UNDP

55. Table 5 (a) in the addendum to the present report provides detailed data for the five funds administered by UNDP. The results of activities undertaken in 2000 are outlined in the present chapter.

56. Overall contributions received in 2000 totalled $71 million, remaining stable compared to 1999 ($73 million). A decline in contributions was experienced by UNCDF ($3 million) and UNV ($3 million). In contrast, contributions to UNIFEM increased by $5 million while contributions to UNRFNRE and UNFSTD were almost nil. Expenditure overall increased by 7.9 per cent, mainly by UNV and UNIFEM.

A. United Nations Capital Development Fund

57. Contributions to the UNCDF regular resources in 2000 amounted to $23.9 million, a 12.4 per cent decrease from 1999 contributions of $27.4 million. Contributions received for trust-fund activities totalled $2.0 million in 2000, $2.1 million in 1999 and $2.8 million in 1998.

58. The year 2000 began for UNCDF with the preparation of the Action Plan 2000, which responds to the recommendations of the 1999 evaluation of UNCDF, and continued with the development a document entitled "Investing with the Poor", clarifying the Fund's work in support of its poverty-reduction goal. In its decision 2000/15, the Executive Board took note of the organization's strategic results framework, 2000-2003, setting in motion the Fund's complete adoption of results-based management. During this year, UNCDF donors contributed $24.8 million, with miscellaneous income and non-core resources, the Fund's total resources amounted to $33 million. Project approvals remained low at $19.4 million in view of available resources. With a move toward a more results-based financial management of the organization, UNCDF will introduce results-based budgeting to ensure cost-effectiveness and improve cost-reporting. The latter initiatives are part of UNCDF strategic objectives included in its 2001-2002 Business Plans.

59. Programmme expenditure (including support costs paid to implementing agents) totalled $43.2 million. Total expenditure in 2000 represents an overall project delivery of 84.6 per cent. In comparison, the 1999 expenditure of $44.1 million accounted for 84.0 per cent delivery. UNCDF unexpended resources as at 31 December 2000 were $70.9 million ($89.6 in 1999), including $38 million in the operational reserve. The operational reserve decreased by $7 million from $45 million in both 1998 and 1999.

B. United Nations Development Fund for Women

60. In its decision 2000/1, the Executive Board approved the UNIFEM Strategy and Business Plans for the period 2000-2003. UNIFEM continued to work towards its overarching goal by focusing on its three thematic areas and five core strategies identified in the previous plan, which support an innovative and catalytic approach to women's empowerment and gender equality. Among the objectives of the Strategy and Business Plans is the expansion of the donor base and an increase in donor contributions.

61. Total contributions for UNIFEM increased by $4.8 million or 22 per cent to $26.6 million in 2000 from $21.8 million in 1999 and $22.6 million in 1998. Along with the increase in overall contributions, contributions to UNIFEM regular resources increased by $2.3 million or 13.6 per cent from $16.8 million in 1999 to $19.1 million in 2000. Cost-sharing and contributions to trust funds also increased by $2.5 million from $5.0 million in 1999 to $7.5 million in 2000.

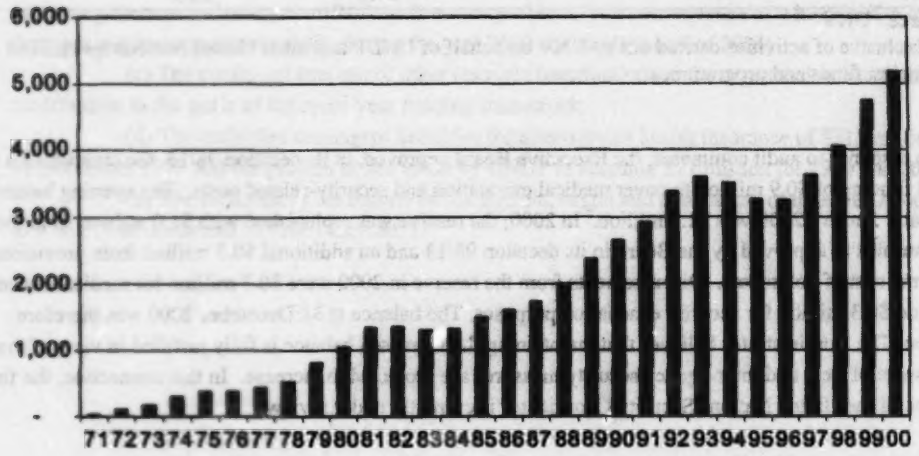
62. The overall programme expenditure, including support costs paid to implementing agents, increased by $5.0 million or 33.8 per cent from $14.9 million in 1999 to $19.9 million in 2000. Programme expenditure for regular resources also increased by $2.8 million or 25 per cent from $10.2 million in 1999 to $13.0 million in 2000. Expenditures for cost-sharing and sub-trust funds increased by $2.2 million or 47 per cent from $4.7 million in 1999 to $6.9 million in 2000.

63. Unexpended resources at 31 December 2000 totalled $23.2 million, an increase of $4.1 million over the 1999 total of $19.1 million These resources cover the unspent project budget allocations of $22.2 million for 2000 and future years. The level of the operational reserve was reviewed in accordance with Executive Board decision 97/4 of January 1997 and the reserve was decreased slightly to $6.6 million at the end of 2000.

C. United Nations Volunteers

64. The UNV programme continued to grow in 2000. During the year, close to 4800 UNV volunteers of 157 different nationalities were involved in carrying out close to a total of 5200 assignments (an increase of 9 per cent over 1999) in 140 countries. Growth was strongest in the number of volunteers serving in United Nations peace operations with those in East Timor, Guatemala, Kosovo and Sierra Leone being the largest.

Figure 18. Growth in number of UNV volunteers, 1971-2000



65. Several contributions for the year 2000 were received in 2001. As a result, income recorded in 2000 decreased by $ 2.9 million or 13.6 per cent compared to 1999. Income relating to United Nations peace-keeping operations increased while contributions to other sources such as the Special Voluntary Fund, cost-sharing and full funding decreased. If those contributions for 2000 received in 2001 ($0.4 million for SVF, $0.2 million for cost-sharing and $3.3 million for full funding) were taken into account then total contributions for 2000 would have been $22.3 million or approximately 5 per cent more than in 1999.

Table 13. Contributions for 2000 and 1999
(millions of United States dollars)

Modality	2000	1999	Change (%) between 2000 and 1999
Special Voluntary Fund	2.5	3.4	(26.4)
Cost-sharing	0.6	1.1	(45.5)
Trust funds	4.9	5.9	(16.9)
Fully funded arrangements	4.1	6.6	(37.9)
United Nations peace operations	6.3	4.3	46.5
Total	18.4	21.3	(13.6)

Source: UNV

66. Programme expenditure increased in 2000 as UNV continued its conscious effort to programme available resources. The decrease in trust-fund delivery results from certain projects being in their final phase and others that are now operationally complete.

Table 14. Programme expenditure for 2000 and 1999 a/
(millions of United States dollars)

Modality	2000	1999	Change (%) between 2000 and 1999
Special Voluntary Fund	8.1	6.7	20.9
Cost-sharing	0.6	0.3	100.0
Trust funds	5.1	7.3	(30.1)
Fully funded arrangements	6.1	7.5	(18.7)
United Nations peace operations	4.4	2.1	109.5
Total	24.3	23.9	1.7

Source: UNV
a/ Exclusive of activities carried out by UNV on behalf of UNDP and other United Nations specialized agencies, funds and programmes.

67. In response to audit comments, the Executive Board approved, in its decision 98/13, the creation of a reserve with initial funding of $0.9 million to cover medical evacuation and security-related costs. The opening balance of the reserve as at 1 January 2000 was $1.4 million. In 2000, the reserve was replenished with $1.0 million from the insurance surplus as approved by the Board in its decision 98/13 and an additional $0.3 million from provisions made in the pro forma cost of volunteers. Disbursements from the reserve in 2000 were $0.3 million for medical evacuation purposes and $0.3 million for security evacuation purposes. The balance at 31 December 2000 was therefore $2.1 million. The Administrator believes that maintaining the increased balance is fully justified in view of the fact that costs in respect of field and inter-agency security measures are projected to increase. In this connection, the financing of the office of the United Nations Security Coordinator is currently under review.

D. United Nations Revolving Fund for Natural Resources Exploration

68. In August 2000, one of the two Fund's gold discoveries in the Geita area in the United Republic of Tanzania was put into production at the rate of 500,000 ounces of gold per year. The Fund received a replenishment of $17,000 from the production in Peru of gold worth $1.7 million. No regular resources contributions were received in 2000. Interest income and other income amounted to $0.3 million. Total expenditure for 2000 was $0.6 million and, as at 31 December 2000, the balance of unexpended resources was $2.8 million.

69. As noted at its third regular session 1999 (DP/1999/42), the Executive Board endorsed the plans to phase out the activities of UNRFNRE by the end of 2000. These plans will ensure that all existing projects and contractual commitments are accomplished in a responsible manner. The Fund completed the phase-out plan at the end June 2001, coinciding with the departure of the last staff member. The use of the residual funds and future replenishments from successful projects will be determined by UNDP after consultation with its major donor.

E. United Nations Fund for Science and Technology for Development

70. As of 31 December 2000, the total of unexpended resources was $844,847 and receivables were $664,645. UNDP appointed an interim fund manager to oversee the closure of the Fund.

71. The Fund will be closed and, should there be any residual resources, UNDP will inform the donors accordingly and obtain their agreements to transfer the remaining balance to fund activities in related areas, e.g. the information technology for development programme.

VI. EXECUTIVE BOARD ACTION

72. The Executive Board may wish to:

1. Take note of document DP/2001/22 and Add.1;

2. Note: (a) The continuing shortfall in voluntary contributions to regular resources, compared to the agreed target, leading to the erosion of the funding from the target for resource assignment from the core (TRAC) that programme countries receive from UNDP;

(b) The cash-flow problem faced by UNDP in terms of its regular resources, due to the irregular payment pattern of voluntary contributions from some donors, as a consequence of which UNDP has had to draw against its operational reserve during the year 2000 and the first half of 2001;

(c) The continued strength of other resource contributions to the organization and their contribution to the goals of the multi-year funding framework;

(d) The unfunded contingent liabilities for after-service health insurance of $313 million as at 31 December 1999 and the prudent action taken by UNDP in accruing $27 million for 1999 and 2000;

(e) The inclusion of the reports on the amount, origin and destination of other resources in tables 7 to 9 and 17 of document DP/2001/22 Add. 1.

Annex

UNDP OVERVIEW

I. STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 DECEMBER

(thousands of United States dollars)

	Regular resources			Other resources			Funds			Total		
	2000	1999	+/-	2000	1999	+/-	2000	1999	+/-	2000	1999	+/-
INCOME												
Net contributions	634	681 361	(7%)	1 685 149	1 689 287	-	71 272	72 705	(2%)	2 390 559	2 443 273	(2%)
Interest income	(3 568)	30 498	-	70 046	63 450	10%	8 156	10 906	(25%)	74 634	104 854	(29%)
Other income: net	18 191	7 160	-	62 701	43 266	48%	7 851	9 548	(18%)	88 743	59 974	48%
TOTAL INCOME	648 761	719 019	(10%)	1 817 896	1 795 923	1%	87 279	93 159	(6%)	2 553 936	2 608 101	(2%)
EXPENDITURE												
Programme	378 262	490 212	(23%)	1 575 896	1 653 636	(5%)	86 782	82 495	5%	2 040 940	2 226 343	(8%)
Programme support – implementing agents	42 158	51 000	(17%)	21 888	24 483	(11%)	4 594	3 482	32%	68 640	78 965	(13%)
Programme support to resident coordinator	10 063	10 049	-	1 402	-	-	-	-	-	14 465	10 049	14%
UNDP sectoral support	-	-	-	-	-	-	-	-	-	-	-	-
Biennial support budget: net a/	233 503	258 909	(10%)	100 687	89 281	13%	16 601	14 716	13%	350 791	362 906	(3%)
Other expenditure	37 756	632	-	3 047	1 939	57%	759	1	-	41 562	2 572	-
TOTAL EXPENDITURE	701 742	810 802	(13%)	1 702 920	1 769 339	(4%)	108 736	100 694	8%	2 513 398	2 680 835	(6%)
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	(52 981)	(91 783)	42%	114 976	26 584	-	(21 457)	(7 535)	-	40 538	(72 734)	-
Savings on obligations of prior biennium	9 487	-	-	2 117	18	-	130	-	-	11 734	18	-
Transfers from (to) reserves	13 000	(12 300)	-	(8 000)	(54 000)	85%	7 100	(1 700)	-	12 100	(68 000)	-
Refunds to donors and transfers from (to) from other funds	(391)	(1 036)	62%	(6 751)	(6 330)	(7%)	(436)	(300)	(45%)	(7 578)	(7 666)	1%
Balance of unexpended resources, 1 January	107 016	212 135	(50%)	1 250 888	1 284 616	(3%)	117 727	127 262	(7%)	1 475 631	1 624 013	(9%)
BALANCE OF UNEXPENDED RESOURCES, 31 DECEMBER	76 131	107 016	(29%)	1 353 230	1 250 888	8%	183 064	117 727	(12%)	1 532 425	1 475 631	4%

Reference: Table 1(a), DP/2001/22/Add.1

a/ Contains country office administrative charge

Annex (continued)

II. ASSETS, LIABILITIES AND RESERVES AND FUND BALANCES AS OF 31 DECEMBER (thousands of United States dollars)

	Regular resources			Other resources			Funds			Total		
	2000	1999	+/-	2000	1999	+/-	2000	1999	+/-	2000	1999	+/-
ASSETS												
Cash	50 839	13 626	-	16 945	3 655	-	-	494	-	67 784	17 775	-
Government letters of credit	-	-	-	47 621	35 756	33%	-	-	-	47 621	35 756	(33%)
Investments held for:												
Operational reserve	167 000	180 000	(7%)	-	-	-	-	-	-	167 000	180 000	(7%)
Regular resources	21 049	31 912	(34%)	226 215	227 451	(1%)	145 599	191 580	(24%)	392 863	450 943	(13%)
Other	1 134 310	560 968	-	18 444	447 836	(96%)	-	-	-	1 152 754	1 008 804	14%
Subtotal investments	1 322 359	772 880	71%	244 659	675 287	(64%)	145 599	191 580	(24%)	1 712 617	1 639 747	4%
Total cash, letters of credit and investments	1 373 198	786 506	75%	309 225	714 698	(57%)	145 599	192 074	(24%)	1 828 022	1 693 278	8%
Advances from Governments and executing agencies	107 695	136 746	(21%)	179 879	244 168	(26%)	978	995	(2%)	288 552	381 909	(24%)
Accounts receivable and deferred charges	137 951	155 647	(11%)	1 244 982	699 802	78%	22 899	12 321	86%	1 405 832	867 770	62%
Accrued interest	9 181	7 889	16%	8 838	21 880	(60%)	2 931	3 508	(16%)	20 950	33 277	(37%)
Long-term accounts receivable	-	-	-	866	953	(9%)	-	-	-	866	953	(9%)
Special capitalized assets	1 570	1 570	-	35 694	35 329	1%	-	-	-	37 264	36 899	1%
Loans to Governments	-	-	-	1 049	1 225	(14%)	1 605	2 667	(40%)	2 654	3 892	(32%)
TOTAL ASSETS	1 629 595	1 088 358	50%	1 780 533	1 718 055	4%	174 012	211 565	(18%)	3 584 140	3 017 978	19%
LIABILITIES												
Advances to Governments and executing agencies	7 358	27 278	(73%)	35 024	62 610	(44%)	7 279	6 358	14%	49 661	96 246	(48%)
Unliquidated obligations	53 151	64 434	(18%)	162 052	182 748	(11%)	5 267	5 236	1%	220 470	252 418	(13%)
Accounts payable	95 091	45 901	-	61 753	74 720	(17%)	5 849	4 489	30%	162 693	125 110	30%
Due to other resources	1 201 065	633 904	89%	74 577	61 417	21%	5 928	24 678	(76%)	1 281 570	719 999	78%
Other liabilities	28 229	28 255	-	3 897	3 672	6%	2 025	1 377	47%	34 151	33 304	3%
TOTAL LIABILITIES	1 384 894	799 772	73%	337 303	385 167	(12%)	26 348	42 138	(37%)	1 748 545	1 227 077	43%
RESERVES AND FUND BALANCES												
Operational reserve	167 000	180 000	(7%)	62 000	54 000	15%	44 600	51 700	(14%)	273 600	285 700	(4%)
Endowment Fund	-	-	-	3 000	3 000	-	-	-	-	3 000	3 000	-
IFA authorized level	-	-	-	25 000	25 000	-	-	-	-	25 000	25 000	-
Special capital resources	1 570	1 570	-	-	-	-	-	-	-	1 570	1 570	-
Balance of unexpended resources	76 131	107 016	(29%)	1 353 230	1 250 888	8%	103 064	117 727	(12%)	1 532 425	1 475 631	4%
Balance of unexpended resources and special capital resources	77 701	108 586	(28%)	1 353 230	1 250 888	8%	103 064	117 727	(12%)	1 533 995	1 477 201	4%
TOTAL RESERVES AND BALANCE OF UNEXPENDED RESOURCES	244 701	288 586	(15%)	1 443 230	1 332 888	8%	147 664	169 427	(13%)	1 835 595	1 790 901	3%